

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 19 – HB 241

March 12, 2013

SUMMARY OF ORIGINAL BILL: Creates a stipend program for postsecondary education students who are majoring in a field of science, technology, engineering or math, or a health-related field. Requires program to begin in the 2013-14 academic year. Requires applicable students to be defined as “STEM majors”. To be eligible for a STEM stipend at an eligible four-year postsecondary institution, a student must be a Tennessee Hope scholarship recipient; have completed 60 semester hours; and be a STEM major. To be eligible for a STEM stipend at an eligible two-year postsecondary institution, a student shall be a recipient of a Tennessee HOPE scholarship and a STEM major. A student who becomes ineligible for a HOPE scholarship shall also become ineligible for a STEM stipend.

Requires the STEM stipend to be a loan that bears no interest. Requires any student who changes from a STEM major to a non-STEM major to repay the STEM stipend. Authorizes a student to receive both the General Assembly Merit scholarship and a STEM stipend. Authorizes a student to receive both the ASPIRE award and the STEM stipend.

Requires stipends to be funded from net lottery proceeds. Requires the STEM stipend to be \$1,000 in the 2013-14 academic year. For the 2014-15 and subsequent academic years, the amount of the stipend shall be determined in accordance with Tenn. Code Ann. § 4-51-111 and set in the general appropriations act.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures – Net Impact –
\$7,474,500/FY13-14/Lottery for Education Account
\$7,387,000/FY14-15/Lottery for Education Account
Exceeds \$7,387,000/FY15-16 and Subsequent Fiscal Years/
Lottery for Education Account

SUMMARY OF AMENDMENT (004405): Deletes all language after the enacting clauses such that the only substantive changes are to specify that the STEM stipend program shall be a five-year pilot project beginning in FY13-14; to limit the total amount of STEM stipends awarded by TSAC to \$500,000 annually in each year of the pilot program; and requires the Tennessee Higher Education Commission (THEC) to study the pilot program and make an annual report on its effectiveness and in the fourth year to recommend whether or not the pilot program should be continued as a regular part of the lottery scholarship program.

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FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Increase State Expenditures - \$500,000/Each Year FY13-14 through FY17-18


Other Fiscal Impact – Students receiving funding as a result of this program who subsequently change academic programs to a non-STEM academic program will be required to repay the funding to the state. Any subsequent increase in state revenue as a result of repayment is dependent upon several unknown factors and cannot be quantified. Any such increases would likely not occur until FY17-18.

Assumptions for the bill as amended:

- The STEM stipend pilot program will begin in FY13-14 and end in FY17-18.
- TSAC estimates that \$500,000 will be awarded each year for STEM stipends from the Lottery for Education Account.
- TSAC estimates a small percentage of students will change majors each semester, but TSAC will replace students who drop out of the program with additional STEM or health-related students; therefore, the total award amount will remain \$500,000 annually.
- TSAC will recoup STEM stipends from students who change majors; however, TSAC estimates that students will not enter repayment status until after graduation or ceasing to be enrolled in a higher education institution. An estimate of how much funding will be paid back by students cannot be reasonably quantified by TSAC.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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